

P-R-O-C-E-E-D-I-N-G-S

(8:45 a.m.)

CHAIRMAN WEIDENBAUM: Good morning. It's my pleasure to open this hearing of the Trade Deficit Review Commission. As you know, Congress established our Commission to study the causes and consequences of the trade deficit and to develop policies to deal with whatever problems we encountered.

We have held two days of detailed technical briefings in Washington, where we have heard from a great variety of think tanks and local universities. This is the first, here in Pittsburgh this morning, the first of six hearings around the country, where we are going to hear from labor people, business people, academics, and various interest groups.

I want to thank George Becker and his staff for their good, hard work in organizing this hearing. I am going to turn over to Commissioner Becker, the role of Chairman of today's proceedings.

Commissioner Becker?

COMMISSIONER BECKER: Thank you very much, Mr. Chairman. I want to add my welcome to all of you for coming to Pittsburgh. This is the home of the United Steel Workers of America, my union. I feel very keen about that. Pittsburgh is a good city. I don't know for how many of you this would be the first trip to Pittsburgh, I suspect not many, but it's a very vibrant city. It's a progressive city. We're holding this hearing today at the Carnegie Mellon Museum, on the campus of Carnegie Mellon. We have three universities; Duquesne University and Pitt University are the other two.

I think there is a great deal of optimism by the civic leaders in Pittsburgh of creating a high-tech center in Pittsburgh. I know that all of you have read a lot about that. There's heavy construction going on in the city of Pittsburgh. It's a building city. We are constructing two stadiums, one for football and one for baseball. There are plans to revitalize the river area in and around Pittsburgh and the parks. There is a lot of enthusiasm as to the future of the city.

I think you would agree with me if you drove around Pittsburgh, that it's a very progressive, forward-looking city. But there is a soft underbelly to all of this that I would like to bring to your attention so that you would at least understand the makeup of Pittsburgh.

Not too long ago, at the onset of the 1970s, we employed, in and around the city of Pittsburgh and this section of Pennsylvania, over 250,000 steel workers that lived and worked within what we call the "Steel Valleys" -- the Monongahela River, the Allegheny River, and the Ohio River - as far up and down the rivers as you could see. Actually, if you could have seen the river's edge from here, looking north and south, you would have seen nothing but steel mills for miles. They ran day and night. In the night, the sky was lit with the fire as you went down Carson Street, from the bright glow of the furnaces and from the tapping of the heats. It was a very vibrant city and it employed a lot of people.

Those who knew and understood Pittsburgh from that day, when they thought of Pittsburgh, they thought of steel. Pittsburgh was a leading steel center in the world. The steel came from in and around Pittsburgh for most of the huge skyscrapers and bridges that were built in the eastern part of the United States.

Today, this is all gone, virtually eliminated from the scene. Whatever the cause and effect is immaterial at this point. The fact is, it's gone and what's left are shattered communities, broken dreams, boarded-up main streets, and a mass exodus of

young people looking for any hope for the future at all. The tax basis in these communities was virtually destroyed. Many of the vital life support systems were in jeopardy during this period.

People have fought like hell to try to bring this back. During this period of time, we lost some 65 percent of the steel industry throughout the United States. The average employment in steel went from somewhere in the neighborhood of 550,000 to 600,000 people down to about 200,000.

The communities have struggled mightily in the Pittsburgh area to try to recover from this, as did the steel industry. Within the steel industry, they pulled their belt in and reshaped the industry. A lot of new technology came into the industry.

From the workers' standpoint, a lot was adjusted both in the way of wages and benefits and conditions of employment to make the steel industry in the final analysis, as we went into the 1990s, the most efficient steel industry in the world. We produce steel for fewer man-hours per ton than any other nation in the world, just on the barebones efficiency.

Today, as we go into this hearing, this is all in jeopardy again. This is a concern of workers, not only here in Pittsburgh in the steel industry, but in other industries like the auto industry, automobile

tires, or any manufacturing entity. We are facing the same struggle, except this time, there is nothing to give. This time, there is nothing to revitalize or there are no cutting-edge improvements that we can make. We're already the lowest man-hour per ton producer in the world. Our industry is having a hard time dealing with this. We'll hear testimony today on all of this.

I want to underscore our charge as a Commission. This is a Congressional U.S. Trade Commission or the Congressional Commission to review the deficit and report to Congress. Part of that charge is to look at the cause and the effect.

I have described the effect a little bit on workers and their families in the communities that took place back in the 1980s up through the 1990s. This is what we are looking at today, the cause and effect.

So with that, again, I would like to welcome you to Pittsburgh. Incidentally, we usually don't give this kind of a boxed-in statement before one of the Commission hearings. I took a little poetic license in the fact that I am the Pittsburgh Chairman, and you are a captive audience, so I apologize to that effect. But I hope you understand my concern and this is where working people are coming from.

The first panel that we will call includes John Sweeney, Edward Montgomery, and Barbara Somson. John Sweeney is the president of the AFL-CIO, headquartered in Washington, D.C. Edward Montgomery is from the U.S. Department of Labor in Washington. Barbara Somson represents the United Auto Workers, UAW.

Welcome to Pittsburgh, and to our session. I think there are name panels there so that the Commission can readily identify each one of you.

The procedure that we have adopted and followed at the other hearings we have had is we're running on the clock. You will see a clock up here. I hate these things, but they are very necessary if we are going to finish and protect everybody's right to be able to speak at each one of them.

You have seven minutes. You'll have five minutes for your testimony and there will be a warning light that gives you two minutes to wrap up. Then we will have questions from the Commissioners.

I think we have copies of the testimony. You are not expected to have to read all your testimony. That's for the record. You can sum it up any way you want so that you can fit it into the seven minutes.

With that, we will start with John Sweeney.